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Comptroller of the Currency  
Administrator of National Banks

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## PUBLIC DISCLOSURE

April 22, 1996

### COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

First National Bank of Denham Springs  
Charter Number 15344

Post Office Box 1559  
Denham Springs, Louisiana 70727-1559

Comptroller of the Currency

1600 Lincoln Plaza  
500 North Akard  
Dallas, Texas 75201-3394

NOTE: This evaluation is not, nor should it be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion or opinion of the federal financial supervisory agency concerning the safety and soundness of this financial institution.

## GENERAL INFORMATION

The Community Reinvestment Act (CRA) requires each federal financial supervisory agency to use its authority when examining financial institutions subject to its supervision, to assess the institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods, consistent with safe and sound operation of the institution. Upon conclusion of such examination, the agency must prepare a written evaluation of the institution's record of meeting the credit needs of its community.

This document is an evaluation of the Community Reinvestment Act (CRA) performance of the First National Bank of Denham Springs prepared by the Office of the Comptroller of the Currency, the institution's supervisory agency, as of April 22, 1996. The agency rates the CRA performance of an institution consistent with the provisions set forth in Appendix A to 12 CFR Part 25.

INSTITUTION'S CRA RATING: This institution is rated "SATISFACTORY."

Factors supporting First National Bank's CRA rating are:

- o The bank has a more than reasonable loan-to-deposit ratio given its asset size, financial condition, and local competition.
- o A majority of the bank's loans are to customers in its assessment area.
- o The distribution of loans to borrowers among different income levels is excellent.
- o The bank's geographic distribution of loans reflects reasonable dispersion throughout the assessment area(s).

The following table indicates the performance level of the First National Bank of Denham Springs with respect to each of the five performance criteria.

SMALL INSTITUTION ASSESSMENT CRITERIA	First National Bank of Denham Springs PERFORMANCE LEVELS		
	Exceeds Standards for Satisfactory Performance	Meets Standards for Satisfactory Performance	Does not meet Standards for Satisfactory Performance
Loan to Deposit Ratio	X		
Lending in Assessment Area		X	
Lending to Borrowers of Different Incomes and to businesses of Different sizes	X		
Geographic Distribution of Loans		X	
Response to Complaints	No complaints were received since the prior examination.		

## DESCRIPTION OF INSTITUTION

First National Bank of Denham Springs (FNB of Denham Springs) is a wholly owned subsidiary of Hancock Holding Company (HHC). HHC acquired First Denham Bancshares Inc. in January of 1995. First Denham Bancshares was a one bank holding company with 100% stock ownership of FNB of Denham Springs. HHC is a 3 bank holding company headquartered in Gulfport, Mississippi with total consolidated assets of approximately \$2.2 billion as of December 31, 1995. HHC operates 73 banking offices and 102 automated teller machines (ATMs) in the states of Mississippi and Louisiana through three wholly-owned bank subsidiaries. FNB of Denham Springs is a \$130 million institution serving Livingston Parish. It operates seven full service branches and five ATM machines throughout the parish.

The bank's financial condition does not adversely impact its ability to meet the credit needs within the assessment area. The bank offers a variety of retail and commercial products. The products and services are commensurate with the bank's size and financial capacity.

FNB of Denham Springs experienced approximately \$10.4 million or 15% loan growth and \$10.2 million or 10.8% deposit growth over the past 2 years. The bank's asset mix consists primarily of 61% loans and 14% investment securities. The loan portfolio is well diversified with approximately 30% residential real estate, 23% non residential real estate, 25% consumer loans, 14% commercial, 7% construction and land development, and 1% other loans.

## DESCRIPTION OF ASSESSMENT AREA

Livingston Parish is located in the Baton Rouge Metropolitan Statistical Area (MSA). It has a population of approximately 70,526 with a 1990 census MSA median family income of \$32,466. The 1995 Housing and Urban Development (HUD) median family income equals \$38,700. Two of the ten census tracts in Livingston Parish are moderate income while the remainder are middle income. The population of Livingston Parish consists of approximately 23% low income, 20% moderate income, 25% middle income, and 32% upper income families. The parish is primarily residential, which has brought an influx of retail and service establishments. Major employers in the parish include the service, retail trade, manufacturing, and construction industries. The Baton Rouge MSA unemployment rate is 5.1% compared to a statewide rate of 6.8% and a national rate of 5.4%. The median housing value within the parish is approximately \$54,000.

Community contacts in Livingston Parish identified small business and home loans as the credit needs of the community. FNB of Denham Springs regularly originates both of these types of loans.

**CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA :**

The bank's loan-to-deposit ratio is more than reasonable. Over the past two years, FNB of Denham Springs has had an average ratio of loans-to-deposits of 73%. The only other independent financial institution operating in the same parish has total assets of approximately \$40 million and a loan-to-deposit ratio of 69%. As of 12/31/95, FNB of Denham Spring's loan-to-deposit ratio was higher than 73% of banks headquartered in the Baton Rouge MSA.

A majority of the bank's dollar volume and number of loans are in its assessment area. Approximately 78% of the number and 76% of the dollar volume of loans were originated within the bank's assessment area in the fourth quarter of 1995. Management reviews a report prepared by an independent consultant on a quarterly basis which shows the number and dollar volume of loans originated inside and outside its assessment area as well as loans originated in each census tract. The bank's CRA officer presents this information to the bank's CRA Committee which is comprised of bank employees, officers, and directors.

The distribution of borrowers reflects excellent penetration among individuals of different income levels and businesses of different sizes. Management prepared a report which breaks down the number and dollar volume of consumer related loans by each borrower's annual income in the first quarter of 1996. The following table reflects management's findings regarding loans made to individuals of different income levels:

Family Income	Total # of Loans	Total \$ of Loans
Low Income	28.6%	14.4%
Moderate Income	28.8%	25.5%
Middle Income	22.2%	24.7%
High Income	20.4%	35.4%
Total	100%	100%

Approximately 82% of the bank's commercial related loans had original amounts less than \$100 thousand in the first quarter of 1996. Over 90% of the bank's loans were to businesses with annual revenues less than \$1 million.

The geographic distribution of loans reflects reasonable dispersion throughout the assessment area. There are no low income census tracts within the bank's assessment area. The bank actively makes loans in every census tract comprising its assessment area. A report prepared by the bank's outside consultant shows that approximately 21% of the dollar volume and 24% of the number of loans were originated in moderate income census tracts in the fourth quarter of 1995. In comparison, the population of the moderate income census tracts represent 19% of Livingston Parish's total population.

The bank has not received any complaints regarding its CRA performance.

No violations of the substantive provisions of the antidiscrimination laws and regulations were identified.